

## ET HANDBOOK NO. 336

### INTRODUCTION

The SQSP Handbook provides guidelines for the completion and submittal of the State Employment Security Agency (SESA) State Quality Service Plan (SQSP) for the Unemployment Insurance (UI) program and the reports and data elements to be used for financial reporting of State UI program activities.

**A. Background.** UI PERFORMS, the performance management system for the UI Program, was officially announced in August 1995. Unemployment Insurance Program Letter (UIPL) No. 41-95, dated August 24, 1995, outlined a construct for a comprehensive performance management system based on the following:

- a significantly improved data collection infrastructure that provides more management information more frequently;
- performance measures that include national core criterioned measures (Tier I) and a menu of non-criterioned measures (Tier II) for SESAs to utilize in measuring and improving their program performance;
- a dynamic planning process that is State focused; and
- a goal of continuous improvement with shared responsibility by both SESA and Federal partners.

The focus of this Handbook is to provide specific guidance regarding the State Quality Service Plan (referred to as the State Plan or the SQSP) which is the manifestation of the performance management system described above. The State Plan is an integral part of the entire performance management system that makes up UI PERFORMS. It is, therefore, critical to understand the broader context in which the State Plan is developed.

**1. The Continuous Improvement Cycle.** UI PERFORMS embraces the continuous improvement cycle advocated by quality practitioners which is commonly known as the “Plan-Do-Check-Act” cycle. It also is referred to as a “closed loop” continuous improvement cycle. It incorporates a strategic planning process of identifying priorities; ongoing collection and monitoring of valid data to measure performance; identification of areas of potential improvement; and development of specific action steps to improve performance, followed by use of available data to determine if the action steps are successful. The cycle continues indefinitely with the opportunity at any point to reassess priorities, performance, and action that can improve performance.

**2. The Performance Measurement System.** The system includes Benefits Timeliness and Quality (BTQ) measures, the Tax Performance System (TPS), Cash Management measures, the Benefit Accuracy Measurement (BAM), and Benefit Payment Control (BPC) measures.

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**3. The Planning Process.** UI PERFORMS emphasizes joint responsibility between SESAs and the Employment and Training Administration (ETA) for setting priorities and responding to performance information both annually and on an ongoing basis. The relationship between the SESAs and ETA will include the following shared responsibilities:

- continued tracking and analysis of performance data;
- identification of Federal and SESA priorities;
- development of planning directions;
- negotiation to determine improvement levels;
- development and implementation of strategies for continuous improvement.

To accomplish these ongoing responsibilities will require an enhanced interaction and consultation process between SESAs and ETA. SESAs are also encouraged to include other stakeholders in the ongoing planning process.

**4. The State Quality Service Plan.** The heart of the UI PERFORMS continuous improvement cycle is a restructured plan of service. The State Plan is intended to be a dynamic document SESAs can utilize as a management tool - much like a business plan - not only to ensure strong program performance, but also to guide key management decisions, such as where to focus resources. It should focus the SESA's efforts to ensure well-balanced performance across the range of UI activities. The State Plan also is designed to be flexible to accommodate, among other things, multi-year planning and significant changes in circumstances during the planning cycle. Although it will be developed in cooperation with the Federal partner, the State Plan is SESA focused. The Federal role in the process is designed to be constructive and supportive.

Operationally, the State Plan also will serve as the grant document through which SESAs receive Federal UI Administrative Funding, similar to its predecessor, the Program Budget Plan (PBP). To serve this purpose, the SESA will be required to submit Budget worksheets and the various assurances required in a Federal Grant Document. It is important, however, to emphasize that the State Plan is designed to be very different from the PBP, both in the process for development and the actual content.

To be submitted annually, the State Plan is designed to provide the structure for recording the following kinds of information:

- the current environment within the SESA impacting UI performance (economic factors, legislative emphasis, etc.);

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- SESA priorities;
- responses to Federally identified priorities;
- performance assessment information;
- continuous improvement targets for both Tier I and negotiated Tier II measures;
- short and long term strategies for achieving performance targets;
- required corrective action plans for failure to meet Tier I performance criteria;
- status of critical program components such as Trust Fund integrity; and
- SESA strategies for evaluating customer satisfaction and gaining customer input to promote continuous improvement.

Electronic transmittal of the SQSP to the Regional Offices is envisioned after critical Year 2000 conversion activities are complete.

**B. Relationship/Coordination with Other Plans.** The UI program does not stand alone. It is the income replacement component of an overarching effort to return a worker to suitable employment. As such, the SQSP should be developed in concert with other plans which also address the same customer (such as the Wagner-Peyser and Workforce Investment Act plans) to insure a coordinated effort and minimal obstacles for the client in moving from program to program.

This coordination will most likely be apparent in the SESA State Plan Narrative portion of the SQSP. Mandatory corrective action plans will relate specifically to unacceptable performance for nationally criterioned measures of UI program performance.

**C. Partnership Principles.** The three following principles form the basis for carrying out Federal and State responsibilities under UI PERFORMS and the SQSP planning process:

- **Basing the Federal-State relationship on mutual trust and respect will improve the UI system and its service to the American public.**
- **Working as equal partners with complementary roles will improve the UI system's quality of service and its integrity.**
- **By setting high standards and goals and working together as a team, the system will be strengthened and the entire nation will benefit.**

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The following are examples of the actions and attitudes which are consistent with these principles:

- Fostering open, personal communication;
- Fostering a win-win relationship; advocating for and supporting one another;
- Being willing to acknowledge the existence of problems, and focus on fixing them instead of placing blame;
- Mutually accepting responsibility for resolving problems and overcoming deficiencies;
- Engaging in joint planning and influencing one another's priorities;
- Sharing information and resources;
- Promoting innovation and creativity;
- Jointly seeking input from customers;
- Recognizing the role and importance of other players at the State and National levels;
- Where there are differences between partners--
  - Trying to resolve disputes equitably and fairly, being willing to compromise to achieve consensus;
  - Seeking early, informal resolution;
- Asserting positive and friendly influence on partners to improve performance; and
- Sharing credit, celebrating successes.

**D. Planning Considerations.** This section provides information for SESAs to use in developing their SQSPs.

#### **1. State Agency Resource Planning Targets for UI.**

**a. Financial Guidelines.** SESAs will prepare UI SQSPs according to financial guidelines transmitted with target funding levels provided by the Regional Offices.

**b. Changes and Revisions to Targets.** Regional Offices may negotiate necessary changes and revisions to target funding levels with State agencies.

**c. Final Allocations.** Final allocations may contain increases or decreases from the target funding level, which may require some revisions to submitted or approved State Plans.

**2. State Flexibility.** Once final allocations have been received, SESAs are required to meet the base workloads allocated, including all activities, but have the flexibility to use the total dollars approved by ETA among the various UI program categories as they deem appropriate. However, for purposes of determining certification

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of contingency funding for workload above the base, the base staff year levels for claims activities as allocated by ETA will be used. Note that this flexibility does not include special allocations.

**3. SESA Financial Reporting System.** ETA does not prescribe the use of any specific accounting and reporting system by the SESAs. SESAs are free to use any accounting system that meets the standards for State grantee financial management systems prescribed by Federal Regulations at 29 CFR 97.20. However, SESAs must be able to report UI financial information in the form and detail described in Chapter II of this Handbook.

**E. OMB Approval.** The Office of Management and Budget (OMB) has approved ET Handbook No. 336 for use through 09/30/02 according to the Paperwork Reduction Act of 1995, under OMB No.1205-0132.

Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Respondents obligation to reply to these reporting requirements are mandatory (20 CFR 97.42). Public reporting burden for this collection of information is estimated to average 40 hrs/minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to the U.S. Department of Labor, Unemployment Insurance Service, Room S4231, Washington, D.C. 20210 (Paperwork Reduction Project 1205-0132).